

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, ME 04333

IN RE:

B.I.Z. Holdings, Inc. d/b/a U.S. Metals
Schlecht Group, Inc. d/b/a U.S. Metals
Arthur Schlecht
Bernard I. Zeff
Martin Jainchill
Roberta Couri

NOTICE OF INTENT
TO ISSUE A CEASE
AND DESIST ORDER
02-130

ALLEGATIONS

1. B.I.Z. Holdings, Inc. ("BIZ") is a foreign business corporation with a last known business address of 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. BIZ was incorporated in Florida in January 2002 and registered in Florida as an owner of the fictitious name "U.S. Metals" in February 2002.
2. Schlecht Group, Inc. ("Schlecht Group") is a foreign business corporation with a last known business address of 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. Schlecht Group was incorporated in Florida in December 1995 and registered in Florida as an owner of the fictitious name "U.S. Metals" in December 2001.
3. As recently as May 2002, U.S. Metals¹ has used 4101 Ravenswood Road, Suite 307, Dania, Florida 33312 as a business address. According to information received by the Office of Securities, this address has been the location at which U.S. Metals has actually conducted business, whereas the last known business address of both BIZ and Schlecht Group is an accountant's office.
4. Arthur Schlecht ("Schlecht") is an individual who at all relevant times has been the sole officer and director of Schlecht Group. His last known business address

¹ References to U.S. Metals herein are deemed to include references to BIZ and Schlecht Group.

is 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. His last known residential address is in Aventura, Florida 33180.

5. Bernard I. Zeff ("Zeff") is an individual who at all relevant times has been the sole officer and director of BIZ. His last known business address is 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. His last known residential address is in San Diego, California 92122.
6. Martin Jainchill ("Jainchill") is an individual who at all relevant times has acted as an agent of U.S. Metals and is also the sole officer and director of MGI. According to information received by the Office of Securities, Jainchill operated and managed U.S. Metals. His last known business address is 9130 South Dadeland Boulevard, Suite 1609, Miami, Florida 33156. His last known residential address is in North Miami Beach, Florida 33179-3113.
7. Roberta Couri ("Couri") is an individual who at all relevant times has acted as an agent of U.S. Metals. Her last known business address is 9130 South Dadeland Boulevard, Suite 1609, Miami, Florida 33156. Her last known residential address is in Bal Harbour Village, Florida 33154.
8. In or about May 2002, an individual residing in Danforth, Maine ("the Maine investor") was solicited over the telephone by representatives of U.S. Metals, including Jainchill and Couri, to purchase silver as an investment. The Maine investor was told that the cost of the silver he purchased would be \$4.00 an ounce. He was also told that he would not be charged a fee in connection with his purchase. Furthermore, he was told that the silver he purchased would be delivered to him.
9. As a result of these telephone solicitations, the Maine investor made two purchases of silver in late May 2002, one in the amount of \$4,050.00, and the other several days later in the amount of \$5,871.00, paying a total of \$9,921.00 by personal checks.
10. After each purchase, the Maine investor received a written Trade Confirmation from U.S. Metals. The first confirmation, dated May 24, 2002, indicated that the Maine investor had purchased 2,000 ounces of silver at a price per ounce of \$5.05, for a "total metal value" of \$10,100.00, and that the transaction included an "administration fee" of \$1,515.00. The second confirmation, dated May 31, 2002, indicated that the Maine investor had purchased 3,000 ounces of silver at a price per ounce of \$5.16, for a "total metal value" of \$15,480.00, and that the transaction included an "administration fee" of \$2,322.00.
11. Despite requests by the Maine investor, Respondents have refused to explain to the Maine investor why he was charged an amount which exceeded \$4.00 an ounce and an administrative fee.

12. In or about August 2002, a U.S. Metals representative contacted the Maine investor and told him that, because the price of silver was diminishing, he should send another \$1,200.00 to U.S. Metals in order to protect his investment. The Maine investor accordingly sent a check to U.S. Metals in the amount of \$1,200.00.
13. U.S. Metals has not delivered any silver to the Maine investor.
14. The Maine investor has contacted U.S. Metals on several occasions to ask that his funds be returned to him. On at least one occasion, the Maine investor called and reached Jainchill, who refused to discuss the matter.
15. In or about November 2002, a company, Metals Group International Corp. ("MGI"), was incorporated in Florida. In corporate filings, MGI lists its business address as 9130 South Dadeland Boulevard, Suite 1609, Miami, Florida 33156, which is an attorney's office and which also is the last known business address of Jainchill and Couri. According to information received by the Office of Securities, the address at which MGI actually conducts business is 4101 Ravenswood Road, Suite 307, Dania, Florida 33312, an address also used by U.S. Metals. In addition, both MGI and U.S. Metals have used the same telephone number. Schlecht is also employed by or otherwise associated with MGI and is represented as a senior director of MGI on MGI's website. Furthermore, according to information received by the Office of Securities, Couri now works as an agent of MGI.
16. At the time of these transactions, the Maine investor was approximately 70 years old. The Maine investor is a retiree and has little or no investment experience.
17. Pursuant to 32 M.R.S.A. §§ 11201(2) and 11201(12), silver is a "precious metal" and is therefore a commodity for purposes of the Maine Commodity Code.
18. As the Maine investor purchased the silver for investment purposes and did not receive delivery of the silver, his transactions with U.S. Metals constitute commodity contracts pursuant to 32 M.R.S.A. § 11201(3).
19. Respondents' offer and sale of silver to the Maine investor constitutes unlawful commodity transactions pursuant to 32 M.R.S.A. § 11202, which prohibits the offer and sale of commodities unless the transactions are exempt under 32 M.R.S.A. §§ 11203 or 11204. The Office of Securities is not aware that the respondents or the transactions at issue qualify for any of these exemptions.
20. At the time of these transactions, neither U.S. Metals, Jainchill, nor Couri was registered or temporarily licensed with the Commodity Futures Trading Commission ("CFTC"). The Office of Securities is not aware of any exemption for which U.S. Metals, Jainchill and Couri would qualify.

21. By offering and selling silver to the Maine investor, respondents engaged in unlawful commodity activities pursuant to 32 M.R.S.A. § 11205, which prohibits persons from engaging in commodity trade or business without either being registered or temporarily licensed by the CFTC, or being exempt from such registration.
22. In failing to deliver any silver to the Maine investor, refusing to return his funds, and in misrepresenting the cost of the silver and whether administration fees would be charged, respondents have cheated or defrauded, or have employed a device, scheme or artifice to defraud, the Maine investor in violation of 32 M.R.S.A. § 11206(1).
23. In failing to deliver any silver to the Maine investor, refusing to return his funds, and in misrepresenting the cost of the silver and whether administration fees would be charged, respondents have made untrue statements of material facts, or have misled the Maine investor through omission of material facts, in violation of 32 M.R.S.A. § 11206(2).
24. In failing to deliver any silver to the Maine investor, refusing to return his funds, and in misrepresenting the cost of the silver and whether administration fees would be charged, respondents have engaged in transactions, acts, practices, or a course of business that operated as a fraud or deceit upon the Maine investor, in violation of 32 M.R.S.A. § 11206(3).
25. In failing to deliver any silver to the Maine investor and in refusing to return his funds, respondents have misappropriated or converted the Maine investor's funds, in violation of 32 M.R.S.A. § 11206(4).
26. Pursuant to 32 M.R.S.A. § 11207(1), the acts, omissions, or failures of Jainchill, Couri, and other agents of U.S. Metals are deemed the acts, omissions, or failures of BIZ and Schlecht Group.
27. As sole officer and director of BIZ, Zeff directly or indirectly controlled U.S. Metals and its agents, including Jainchill and Couri. Therefore, pursuant to 32 M.R.S.A. § 11207(2), Zeff is jointly and severally liable to the same extent as the other respondents.
28. As sole officer and director of Schlecht Group, Schlecht directly or indirectly controlled U.S. Metals and its agents, including Jainchill and Couri. Therefore, pursuant to 32 M.R.S.A. § 11207(2), Schlecht is jointly and severally liable to the same extent as the other respondents.
29. For the reasons stated above, the Securities Administrator believes that respondents have engaged or are about to engage in acts or practices constituting violations of the Maine Commodity Code.

30. Pursuant to 32 M.R.S.A. § 11302(1), the Securities Administrator may, after notice and opportunity for hearing, issue a cease and desist order against any person whom the Securities Administrator believes has engaged or is about to engage in any act or practice constituting a violation of the Maine Commodity Code.

NOTICE

Pursuant to 32 M.R.S.A. §11310(1), notice is hereby given that the Securities Administrator intends to issue an Order to Cease and Desist, pursuant to 32 M.R.S.A. §11302, against all respondents, to prohibit further violations of the Maine Commodity Code.

Pursuant to 32 M.R.S.A. § 11310(2), interested parties have thirty (30) calendar days from the entry of this notice of Intent to file a written request for a hearing.

Date: September 23, 2003

/s/ Christine A. Bruenn
Christine A. Bruenn
Securities Administrator

Reviewed by:

Date: September 23, 2003

/s/ Bonnie E. Russell
Bonnie E. Russell
Assistant Securities Administrator

Presented by:

Date: September 23, 2003

/s/ Christian D. Van Dyck
Christian D. Van Dyck
Investigator/Examiner